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JUN - 2 1992

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

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In the Matter of)

Billed Party Preference)
for 0+ InterLATA Calls)

CC Docket No. 92-77

COMMENTS OF THE
NATIONAL TELEPHONE COOPERATIVE ASSOCIATION

The National Telephone Cooperative Association ("NTCA") submits these Comments on the issue of interexchange carrier ("IXC") proprietary calling cards in response to the Notice of Proposed Rulemaking released by the Commission on May 8, 1992 in the above-captioned proceeding ("NPRM"). NTCA is a national association of approximately 480 small and rural local exchange carriers ("LECs") providing telecommunications services to IXCs and subscribers across rural America.

By this NPRM, the Commission is considering in a more extended comment cycle the merits of an automated "billed party preference" routing method for 0+ interLATA payphone and operator-assisted calls. However, in this separate, expedited pleading cycle, the Commission is seeking comment on a proposal to address the issuance of proprietary calling cards by IXCs. Specifically, the proposal calls for requiring all IXCs to share with other IXCs calling-card billing and validation data if the calling card can be used to make 0+ calls.¹ In other words,

¹ NPRM at paras. 42 and 43.

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under the proposal, an IXC can either share billing and validation on a calling card and thus continue to allow 0+ dialing with it, or refuse to share billing and validation data but restrict the calling card's use to 10XXX 0+ access dialing.² The Commission seeks the answers to a number of technical and policy issues associated with this proposal.³

As an association of LECs, NTCA is interested in this expedited portion of the proceeding insofar as it relates to the general subject of regulation of calling cards provided by common carriers and the extent to which consumers are likely to benefit from further Commission regulation of the calling card market structure.⁴ To the extent the Commission restricts the terms under which carriers of any kind can issue calling cards, the benefits to subscribers of telco-issued cards will be seriously, if not completely, eroded because there will be no further value to carriers to issue cards.

One primary reason why small LECs decide to issue calling cards at all is that these LECs hold the conviction that their subscribers' interests are best served by the LEC assuming a leadership role on their behalf in calling card matters. Many NTCA members believe that subscribers want their serving LEC to

² Id.

³ Id. at para. 43.

⁴ NTCA questions whether the proposal is likely to be effective in changing the competitive status of proprietary cards because it is likely that IXCs will opt for the restriction to 10XXX 0+ dialing rather than provide billing and validation data to their competitors.

issue calling cards, to procure a sufficiently wide array of carriers to honor these cards, and most importantly to provide a single bill for the collection of charges credited to these card accounts. In general, subscribers expect the LEC to act in a coordinating and protective capacity in untangling the issues associated with calling card use, particularly in light of the current level of consumer confusion. Unfortunately, as the result of the emergence of these new service providers and aggregators, and recent regulatory changes, NTCA's members are concerned that their ability to serve their subscribers is being seriously eroded.


The AT&T proprietary card issue presents many of the same characteristics with respect to the value and benefits to end users. As such, any decision to further control and restrict AT&T's calling card practices and the resulting benefits would present an unsettling precedent further impacting the benefits of LEC's calling card operations. Therefore, NTCA does not support unnecessary restrictions on IXC calling card practices.


If carriers are required to share billing and validation information with all other carriers, then calling card issuing carriers would be effectively precluded from billing and collecting for the business transacted using that carrier's issued card, in which case the carrier would have no reason to issue the card in the first place. If the trend continues whereby issuing carriers' calling card practices are restricted, then one card will have no distinctively different value from any

other card, including non-telephone company issued cards, and consequently telephone companies will cease issuing calling cards.⁵

Respectfully submitted,

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ASSOCIATION

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June 2, 1992

⁵ The irony of this intrusive regulatory stance is that the same characteristics attributed to telephone company-issued calling cards which the Commission thinks are in need of regulation are virtually identical to those of non-telephone company credit cards used to make interLATA calls; i.e., American Express, VISA, Mastercard, etc. However, the calling public seems to get along fine without regulating the operations of these third party credit card issuers.

CERTIFICATE OF SERVICE

I, Gail C. Malloy, certify that a copy of the foregoing Comments of the National Telephone Cooperative Association in CC Docket No. 92-77 was served on this 2nd day of June 1992, by first-class, U.S. Mail, postage prepaid, to the following persons on the attached list:

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